



UNITED STATES ATTORNEY'S OFFICE

Southern District of New York

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FOR IMMEDIATE RELEASE
Tuesday, February 28, 2012
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PAYMENT PROCESSOR FOR INTERNET POKER COMPANIES PLEADS GUILTY IN MANHATTAN FEDERAL COURT TO BANK FRAUD, MONEY LAUNDERING, AND GAMBLING OFFENSES

Preet Bharara, the United States Attorney for the Southern District of New York, announced that RYAN LANG, a payment processor who worked directly with senior executives from Pokerstars, Full Tilt Poker and Absolute Poker (the "Poker Companies"), pled guilty today to money laundering, fraud, and gambling offenses in connection with a scheme to deceive banks into processing hundreds of millions of dollars in Internet gambling transactions. LANG pled guilty this morning before U.S. Magistrate Judge Theodore H. Katz.

According to the Superseding Information filed today in Manhattan federal court, the Superseding Indictment unsealed on April 15, 2011 in which LANG was initially charged, other documents previously filed in the case, and statements made in court:

In late 2006, Congress enacted the Unlawful Internet Gambling Enforcement Act ("UIGEA"), making it a crime to "knowingly accept" most forms of payment "in connection with the participation of another person in unlawful Internet gambling." After several Internet gambling businesses withdrew from the U.S. market following the passage of the UIGEA, Pokerstars, Full Tilt Poker and Absolute Poker became the top three internet poker operators continuing to do business in the United States. Because United States banks were largely unwilling to process Internet gambling payments, companies turned to third party payment processors, including LANG, who were willing to disguise the payments so they would appear to be unrelated to Internet gambling.

LANG worked closely with the heads of Pokerstars and Full Tilt Poker, as well as with other senior executives from all three Poker Companies, through a payment processing company that had employed him prior to the passage of the UIGEA. After its enactment, LANG left his employer and began searching for other payment processing methods that the Poker Companies could use to obtain access to the United States financial system, notwithstanding the new law. From at least 2007 through May 2010, LANG brokered a series of relationships between senior executives at the Poker Companies and various payment processors who had the ability to electronically transfer funds both to and from U.S. customer bank accounts as "electronic checks" or "e-checks." As LANG knew – and discussed with executives from the Poker Companies – payment processors working for the Poker Companies created phony shell companies to disguise the poker transactions so that banks would not learn that the payments were connected to Internet gambling.

* * *

LANG, 37, a Canadian citizen and resident, voluntarily returned to the United States to face the charges pending against him. He faces a maximum sentence of 30 years in prison.

Mr. Bharara thanked the FBI for its outstanding work in the investigation, which he noted is ongoing. Mr. Bharara also thanked Immigration and Customs Enforcement's Homeland Security Investigations New York and New Jersey offices for their continued assistance in the investigation.

To date, five additional defendants initially charged in the Superseding Indictment have appeared in the United States – Bradley Franzen, Ira Rubin, Brent Beckley, Chad Elie, and John Campos. Franzen pled guilty on May 23, 2011, Beckley pled guilty on December 20, 2011, and Rubin pled guilty on January 17, 2012. Beckley and Rubin are scheduled to be sentenced on April 19, 2012 and May 12, 2012, respectively. Charges are still pending against Elie and Campos, and they are presumed innocent unless and until proven guilty. Elie and Campos are scheduled for trial on April 9, 2012 before Judge Kaplan.

This matter is being handled by the Office's Complex Frauds Unit. Assistant U.S. Attorneys Arlo Devlin-Brown, Niketh Velamoor, Andrew Goldstein and Nicole Friedlander are in charge of the criminal case, and Assistant U. S. Attorneys Sharon Cohen Levin, Jason Cowley, and Michael Lockard are in charge of related civil money laundering and forfeiture actions.

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